

Message Text

LIMITED OFFICIAL USE

PAGE 01 MADRID 00455 212137Z
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 L-03 PA-01 PRS-01 /099 W
-----220611Z 002589 /23 10

R 191854Z JAN 77

FM AMEMBASSY MADRID
TO SECSTATE WASHDC 8696
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
USMISSION NATO
USEC BRUUSELS UNN
USMISSION GENEVA

LIMITED OFFICIAL USE MADRID 455

E.O. 11652: N/A

TAGS: ELAB, EFIN, EGEN, SP

SUBJECT: VIEWS OF MINISTER OF LABOR

1. I CALLED ON MINISTER OF LABOR ALVARO RENGIFO CALDERON
ON JANUARY 19, ACCCOMPANIED BY THE LABOR ATTACHE. HE
COMMENTED AS FOLLOWS ON THE GENERAL ECONOMIC AND LABOR

SITUATION.

2. IN ANSWER TO MY QUESTION WHETHER THE GOVT MIGHT MAKE
SOME ECONOMIC REFORM MOVES BEFORE THE ELECTIONS, RENGIFO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MADRID 00455 212137Z

STATED THAT SOME SHORT TERM MEASURES WOULD LIKELY BE
TAKEN IN FEBRUARY. THEY WOULD BASICALLY INVOLVE INJECTION
OF PUBLIC FUNDS INTO THE ECONOMIC FOR THE PURPOSE OF
CREATING MORE JOBS. THE PRIVATE SECTOR, HE NOTED, HAD
BEEN VERY TIMID WHEN TO INVESTMENT. WHAT WAS
NEEDED IN THE LONG,

HOWEVER, WAS AN AUSTERE PROGRAM TO COPE WITH INFLATION. IN THAT CONNECTION, HE EXPRESSED THE OPINION THAT THE COST OF LIVING INDEX WAS MISLEADINGLY A BIT ON THE HIGH SIDE (PERHAPS TOO MUCH GEARED TO MIDDLE OR EVEN UPPER MIDDLE CLASS SPENDING HABITS), BUT THAT WAS A SACROSANCT OPERATION AND THE LABOR MINISTRY MIGHT BE ACCUSED OF TAMPERING SHOULD THEY TRY TO REVISE THE CURRENT BASIS OF CALCULATIONS. FINANCIAL REFORM, SAID RENGIFO, WAS A LONG TERM PROBLEM WHICH WOULD HAVE TO BE STRETCHED OUT OVER TWO OR THREE YEARS.

3. RENGIFO ADMITTED THAT GOVT EFFORTS TO ADMIT WAGE INCREASES TO COST OF LIVING INCREASES OF 20PERCENT IN 1976) PLUS A POINT OR TWO WERE FOUNDERING. COMPANIES THAT COULD AFFORD IT WERE UPPING THE ANTE, AND THE INCREASES IN RECENT COLLECTIVE BARGAINING AGREEMENTS (CBA) WERE AVERAGING ABOUT 30PERCENT. I MENTIONED THE STIKE PROBLEMS FORD ESPANA IN VALENCIA WERE HAVING IN NEGOTIATING THEIR CBA. THE MINISTER EXPRESSED THE VIEW THAT THE FORD MANAGEMENT OFFER WAS A GOOD ONE, AND THAT A HANDFUL OF LOCAL TRADE UNIONISTS WERE MAKING TROUBLE "FOR POLITICAL REASONS."

4. REPLYING TO MY QUESTION REGARDING THE FUTURE SCOPE OF OPERATIONS OF THE LABOR MINISTRY FOLLOWING ELECTIONS, RENGIFO SAID THAT IT WOULD BE PLAYING A MUCH LESS DIRECTIVE ROLE IN LABOR-MANAGEMENT RELATIONS. AS HE SAW IT, THE RESULTS OF FREE COLLECTIVE BARGAINING WOULD PREVAIL. IT WAS ALSO APPARENT, HE ADDED, THAT IF THE GOVT WERE TO PROVIDE ADQUATE SOCIAL SECURITY PROTECTION TO WORKERS, THERE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MADRID 00455 212137Z

HAD TO BE A TIGHTENING OF THE TAX SYSTEM.

5. IN CLOSING, I TOOK THE OPPORTUNITY OF PRESENTING TO THE LABOR MINISTER THE U.S. DEPARTMENT OF LABOR BICENTENNIAL HISTORY OF THE AMERICAN WORKER (DAVEY MEMORANDUM OF NOVEMBER 29 TO ALL LABOR ATTACHES), FOR WHICH HE EXPRESSED MUCH APPRECIATIONS. STABLER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, EMPLOYMENT, DIPLOMATIC DISCUSSIONS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MADRID00455
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770024-0020
Format: TEL
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770137/aaaabgpf.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f0eaa2d4-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3560329
Secure: OPEN
Status: NATIVE
Subject: VIEWS OF MINISTER OF LABOR
TAGS: ELAB, EFIN, EGEN, SP, (RENGIFO CALDERON, ALVARO)
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/f0eaa2d4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009